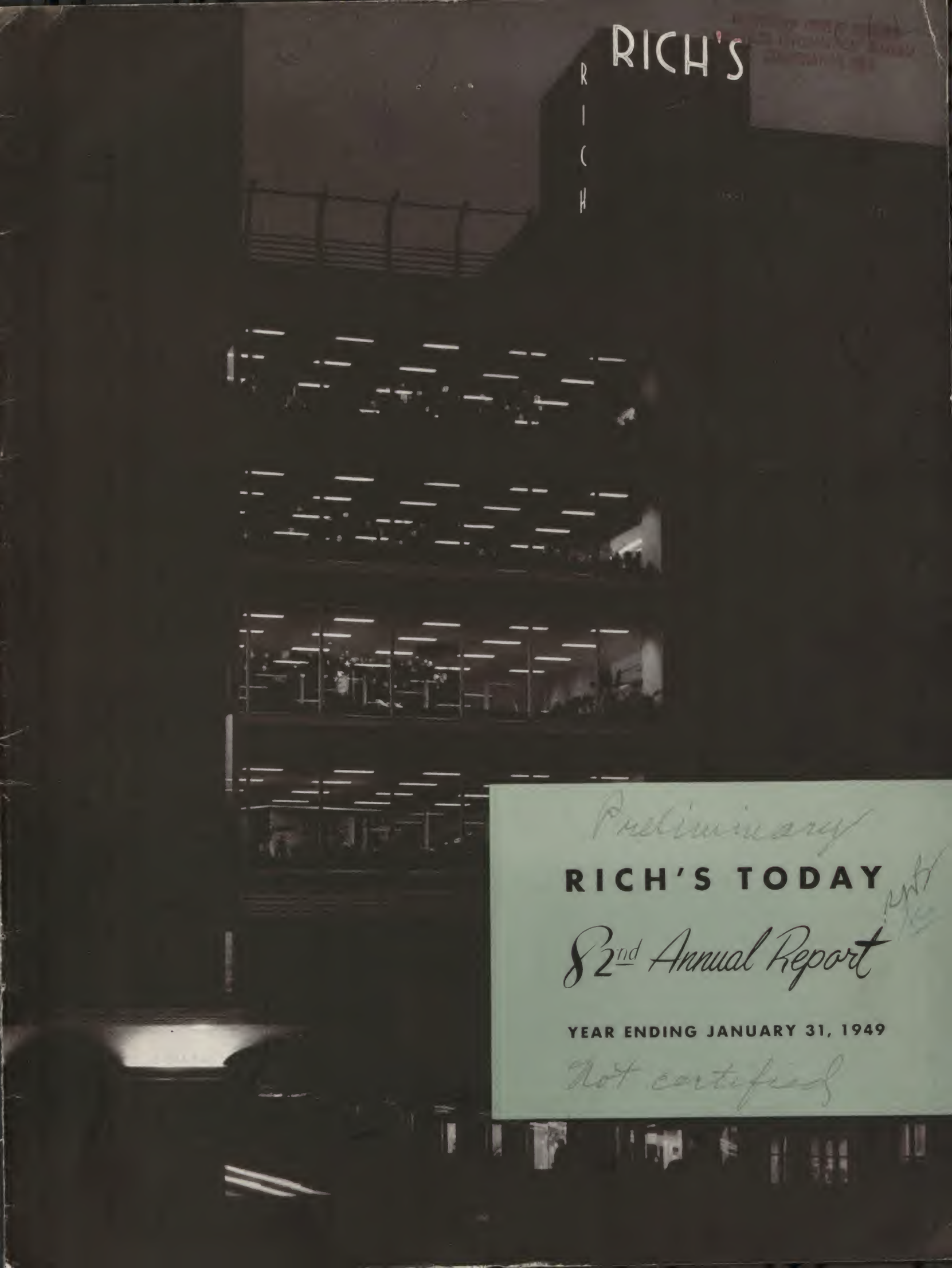


Preliminary

RICH'S TODAY

82nd Annual Report

YEAR ENDING JANUARY 31, 1949

Not certified

Rich's A Southern Institution Since 1867

WHY... AN ANNUAL REPORT

The Annual Report of a company is usually composed entirely of its financial statement. Since many factors other than money enter into a financial statement, and since Rich's growth has been so fast, we feel it fitting to enlarge this statement to a fuller picture.

FIRST — **To show** Rich's growth in the community in the last ten years.

SECOND — **To show** its stewardship—its officers and directors.

THIRD — **To show** its good citizenship!

Known as a public institution, famous for the community activity so vital to its life and growth, it seems well to review some outline of Rich's public policy.

FOURTH — **To show** Rich's is a good place to work!

The health and protection and comfort of Rich's employees is a main concern of the officers. Creating good employee relationships sets the pattern and invites good public relations.

FIFTH — **To show** the cost and distribution of various taxes—the amount of Rich's earned income that goes to the support of government.

All this is the "Why" of an Annual Report—the recapitulation of all phases of Rich's as an institution and a business. It is a living example of the Free Enterprise of America, and as such we hope it deserves the pride of Atlanta, of Georgia, of the South.

Frank H. Neely

Executive Officers of Rich's Inc. 1949

RICHARD H. RICH, *President*

FRANK H. NEELY, *Chairman of the Board*

BEN R. GORDON, *Executive Vice President*

Administration of Rich's is vested in a three-man executive group in accordance with the new by-laws passed by the stockholders June 10, 1948. Such men are Frank H. Neely, Chairman of the Board, who directs all administrative and financial policies; Richard H. Rich serves as President and Treasurer, and Ben R. Gordon as Executive Vice President and Secretary.

Rich's Board of Directors 1949

Men and women composing Rich's Board of Directors are responsible citizens, active either in divisions of Rich's business or in other concerns as well as the community. Individually and collectively they are representative of Rich's.

MISS ANNIE M. GALLAGHER
Miss Gallagher came to Rich's forty years ago, and has come to be known as a fashion authority in the world markets. She has been on the Board of Directors of Rich's for nine years.

MRS. MARJORY M. RICH
Mrs. Rich is the wife of the late Walter Rich. She was elected a Director of the Company in 1948, joining Misses Gallagher and Rice as the third woman member of the Board.

MISS CATHERINE RICE
Miss Rice is outstanding among America's women merchants. She joined Rich's nearly forty years ago, and has served as a Director of the Company for seven years. She merchandises women's accessories.

WILLIAM T. RICH

Mr. Rich is the son of Daniel Rich. He is a director of Jacobs Pharmacy Company and an executive officer in the Galenol Company of Atlanta. Mr. Rich has served on the Board of Directors of Rich's for twenty years.

ELMER H. ETLING

Mr. Etling, Divisional Merchandise Manager and Purchasing Agent of Rich's has completed twenty years of service, and has been a member of the Board of Directors for nine years.

JOSEPH MEADE

Mr. Meade is a native of North Carolina and a graduate of Yale. He is Divisional Merchandise Manager of all children's wear, and was elected a Director of the Company in 1948.

WILLIAM FRITZ

Mr. Fritz serves the organization as Merchandise Manager of ready-to-wear. He came to Rich's in 1937, and has been a Director for eight years.

HUGHES SPALDING

Senior partner in the firm of Spalding, Sibley, Troutman & Kelley, a Director of Rich's for the past seven years, Chairman of the Board of Regents and of Fulton County Hospital Authority, and keenly interested in Rich's relationship to the community.

ANCEL S. LEAK

Canadian by birth, Mr. Leak received his education and early business training there. He joined Rich's in 1936, and is General Merchandise Manager of the Basement Store. He was elected to the Board of Directors in 1948.

OSCAR R. STRAUSS

Mr. Strauss is a grandson of Emanuel Rich, one of the store's founders, and has been a Director of the Company for the past fourteen years.

LOUIS C. LONG

Newly elected to the Board of Directors, Mr. Long received his early retail training in Chicago. He serves Rich's as Divisional Merchandise Manager of the Store for Homes. He has completed fourteen years of service with Rich's.

JOSEPH F. ASHER

Mr. Asher joined Rich's in 1921. He has served on the Board of Directors for nine years, and is Assistant Secretary of the Company as well as Merchandising Manager of men's division.

BEN R. GORDON

Executive Vice President and Secretary

Mr. Gordon has been in Rich's service for twenty-four years; he directs the entire merchandising staff of Rich's, is a native of Alabama and a graduate of Georgia Tech.

RICHARD H. RICH

President and Treasurer

Mr. Rich has served the Company for twenty-six continuous years. A graduate of the Wharton School of Business Administration, University of Pennsylvania, Mr. Rich is a native Georgian and grandson of Morris Rich.

FRANK H. NEELY

Chairman of the Board

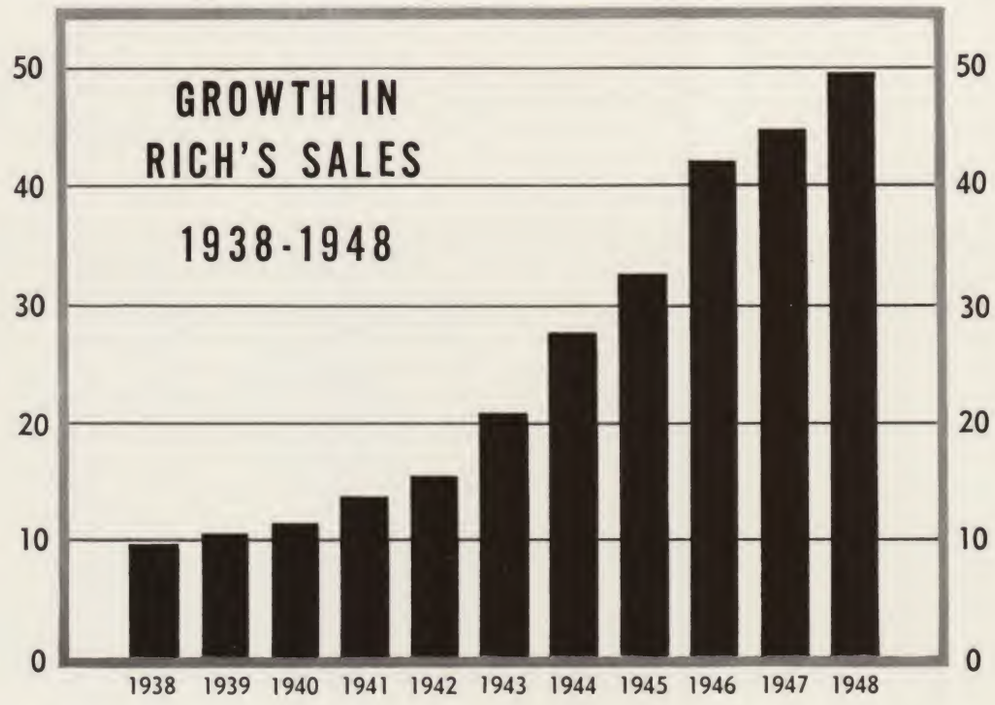
Mr. Neely, through various offices in Rich's for the last twenty-five years, is newly-elected Chairman of the Board. A native Georgian, graduate of Georgia Tech, Mr. Neely specialized in scientific management in industrial organizations before joining Rich's.

Report on a Decade of Healthy Growth

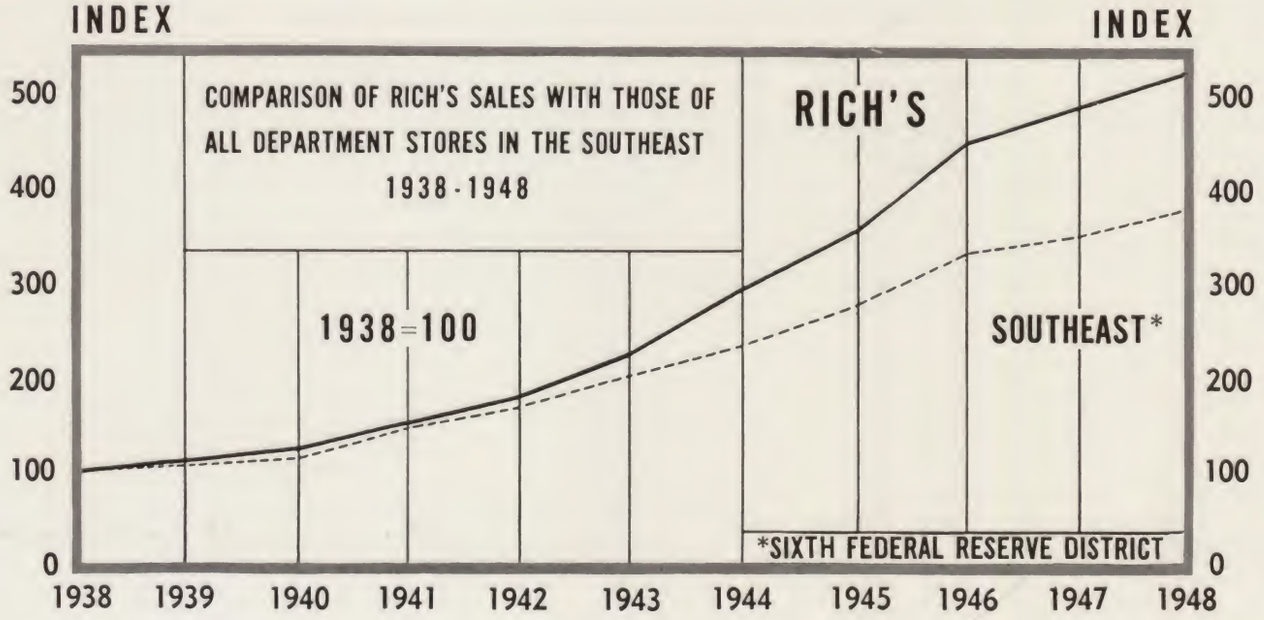
3,616,143 Customer Transactions in 1938 grew to 12,107,342 in 1948

$9,143,429 Volume for the year 1938 grew to $48,885,266 in 1948

Chart at right shows graphically, the steady trend of Rich's growth



Rich's growth outpaced all department store sales in the Southeast



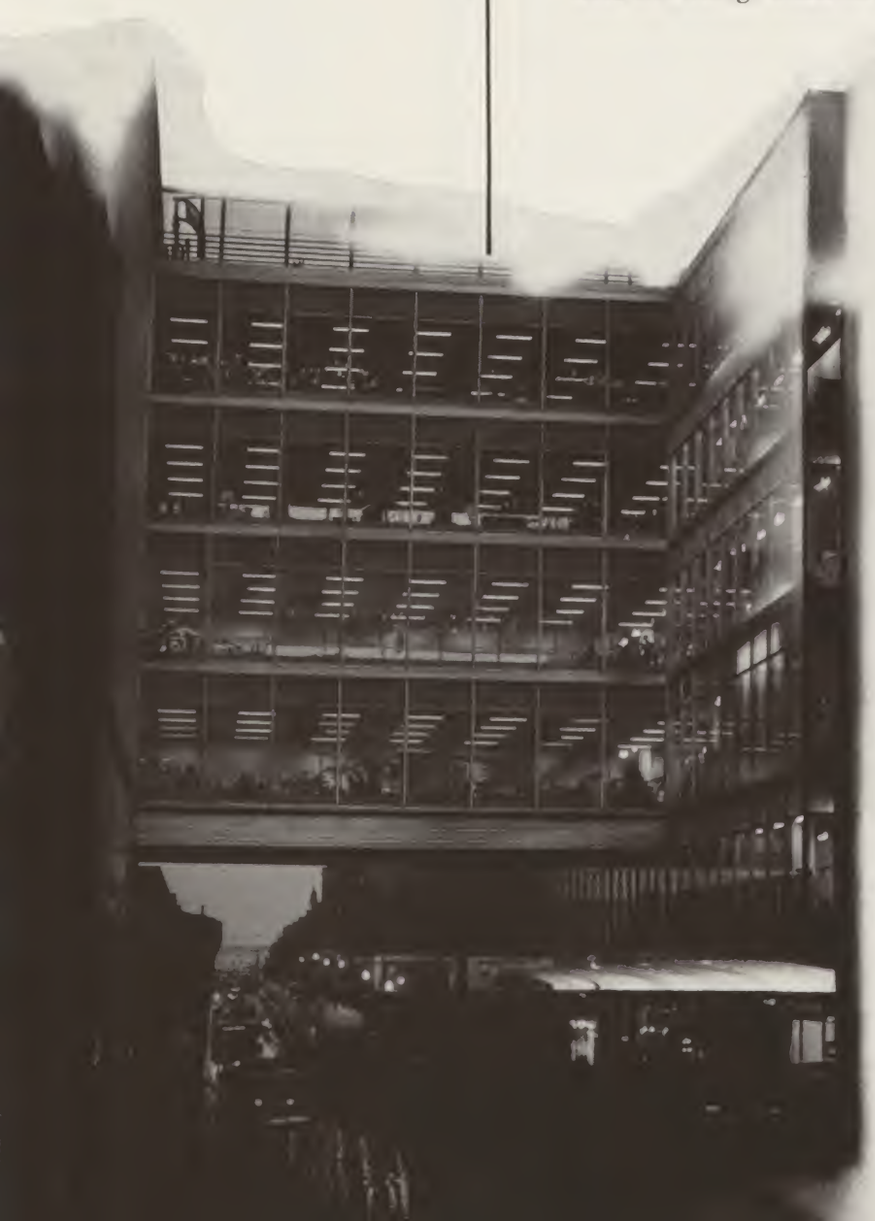
REPORT ON RICH'S BUILDING EXPANSION

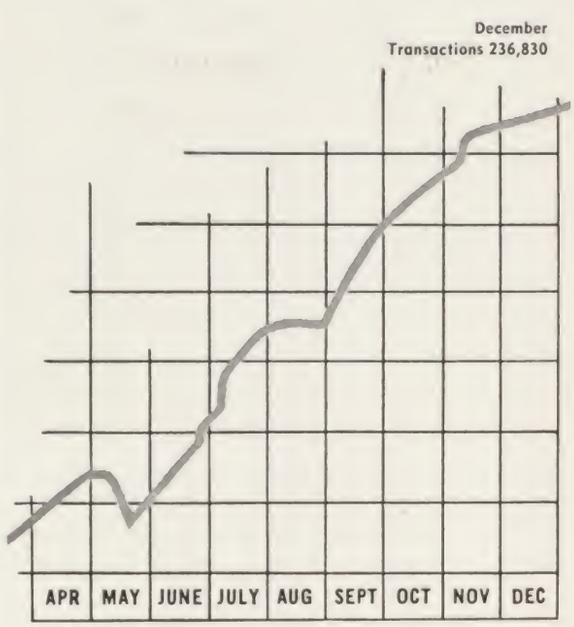
The Store for Homes was officially opened on April 1, 1948, and the revision of the Main Building was completed in September 1948.

The first "test" of the sales potential of the completed store was made October 1 in the storewide Harvest Sale. The opening day produced $401,000 (an all-time high), and was serviced with a minimum of confusion. Careful study of customer handling on this peak day would indicate that the building is adequate to sell more than a half million dollars in a working day, and can probably eventually handle an annual volume from sixty to seventy million.

Customer usage of the Store for Homes is growing naturally and steadily, and the Bridge between the two buildings has proved a dramatic expediency for the convenience of customers.

The increased use of the new building entrances may be seen in the accompanying charts.

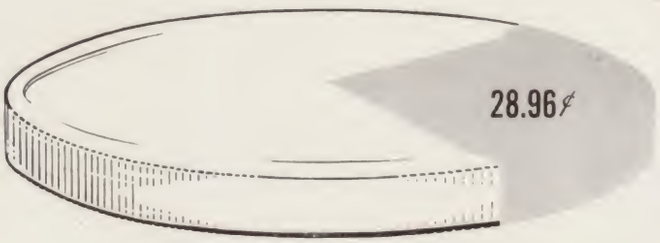




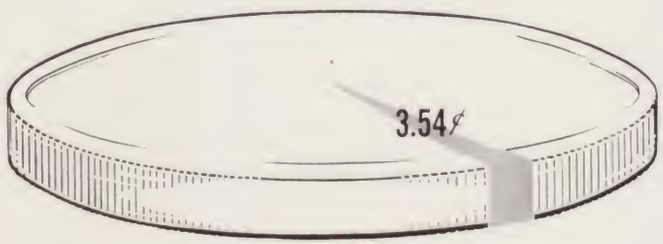
Opened April 1st
April
Transactions 75,645

Report On <u>How</u> The Sales Dollar Was Spent

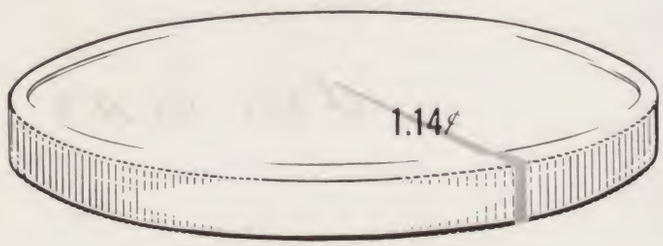
63.83¢ of each sales dollar was spent for merchandise



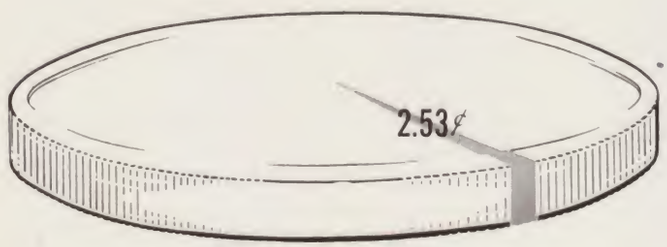
28.96¢ of each sales dollar was spent for payroll and operating costs.



3.54¢ of the sales dollar paid Federal, State and Local Taxes



1.14¢ of the sales dollar was paid to Rich's stockholders
(Common and Preferred)



2.53¢ of the sales dollar was placed in surplus for expansion and growth

Report on Rich's as a Taxpayer

RICH'S TAX BILL HAS GROWN

FROM $295,500 IN 1938 TO

$1,735,000 FOR 1948

This means that the total tax bill for 1938 amounted to $2.96 for each share of common stock compared with **$14.25** per share in 1948.

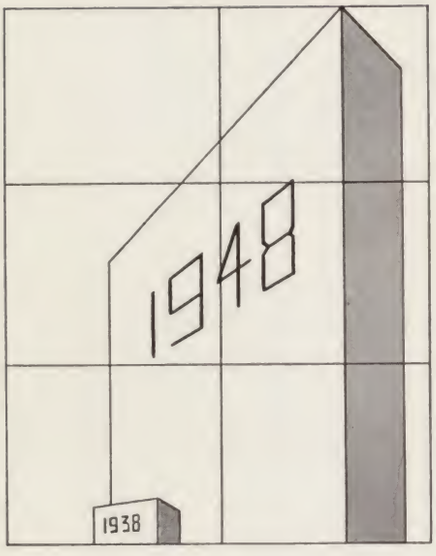
Here are the 16 Kinds of Taxes paid by Rich's in 1948

FEDERAL	STATE	CITY-COUNTY
INCOME TAX	INCOME TAX	AD VALOREM ON LAND-BUILDING
SOCIAL SECURITY	GASOLINE-AUTOMOBILE	AD VALOREM ON MERCHANDISE
UNEMPLOYMENT TAX	AD VALOREM TAX	AD VALOREM ON FIXTURES AND EQUIPMENT
EXCISE TAX	INTANGIBLE TAX	40 CITY LICENSE TAXES
	CORPORATION FRANCHISE	SPECIAL ASSESSMENTS
	SPECIAL LICENSE TAXES	AD VALOREM ON ACCOUNTS RECEIVABLE

Rich's Participation in Community Affairs

The officers and directors of Rich's have long held key positions in the administration of community and civic activities. In addition to personal services, contributions from Rich's totaling hundreds of thousands of dollars, both through the store and through The Rich Foundation, cover a wide range of educational, civic, social, and religious needs, as well as youth organizations, hospital and health services, and general welfare.

Through The Rich Foundation, Emory University received a gift of $250,000 for the construction of a modern building which houses the School of Business Administration, and is dedicated to the founders of Rich's, Morris, Emanuel, and Daniel Rich. It is to be hoped that this gift will accelerate the development of southern leadership in the field of business administration.



Unique contributions have been made by Rich's in the field of educational radio, and after four years of experimentation with radio as a means of classroom instruction, The Rich Foundation in 1948 presented to the public school systems of Atlanta and Fulton County an FM broadcasting station, with receivers and full equipment. These systems are the first in the Southeast to own their own radio stations. Education by radio reaches 90,000 pupils, white and colored, in 161 schools.

Rich's Radio School, broadcast daily on stations throughout the State, has attracted nationwide interest, and received the Award of Merit from the City College of New York for creation of the most effective institutional radio program.

Dr. Raymond Ross Paty has recently become associated with Rich's as full-time Director of Public Relations and Executive Director of the Rich Foundation to emphasize further the keen desire of Rich's to participate in all community activities and to develop the use of its entire organization in all public fields.

R. H. Rich, Vice President of Rich's, Inc., presents copies of the 1948 Legislative Manual to members of the Georgia Youth Assembly. The Manual is printed and published as a gift of Rich's to the Youth Assembly, composed of high school leaders in communities all over the state. Their annual assembly teaches them Statesmanship.

A high school radio workshop in action. Part of the activity connected with the FM educational broadcasts, Atlanta and Fulton County.

Two young students taking part in an educational broadcast. Live programs are presented daily on WABE-FM, using faculty and student talent from 161 schools.

Control room at WABE-FM. Students learn engineer's duties, as well as announcing, directing, writing and participating in educational broadcasts.

School of Business Administration, Emory University. Gift of the Rich Foundation, to foster the development of southern leadership in the field of business administration. Dedicated to the founders of Rich's, Inc., Morris, Emanuel and Daniel Rich.

RAYMOND ROSS PATY

Director of Public Relations

Executive Director,
The Rich Foundation

Outstanding personality in world of education. Among other offices former President, Birmingham-Southern College, President, University of Alabama, and Chancellor, University System of Georgia.

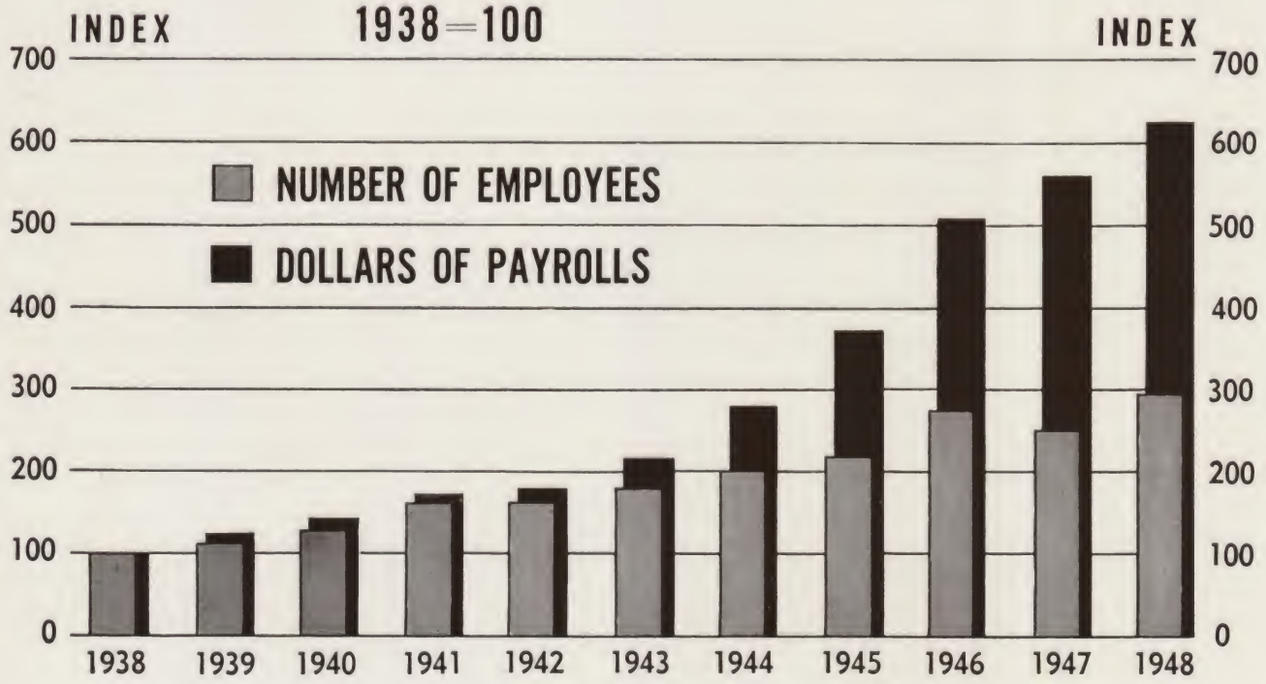
Rich's is a Good Place to Work

RICH'S employees are proud of being an important part of a worthy whole. They are proud of the opportunity to develop as individuals, even as they contribute to the successful development of the institution.

The physical well-being of every employee is cared for by a competent consulting medical staff, experienced nurses, adequately-equipped clinics, good food in attractive cafeterias, a roof suitable for recreational pursuits, and the protection of group insurance and mutual aid benefits.

Intelligent training in technical retail methods and in helpful relationships to the customer have created for Rich's an unusual group of employees. The Employee Activities department has for its chief concern the personal comfort and happiness of Rich's people, it guides and supervises a well-rounded social program, and publishes an outstanding store paper (RICH BITS).

A credit union, pension system, and liberal employee discounts have a large part in the low labor turnover which is attested to by the large number of members of the five, ten, twenty, and forty-year clubs.



1 *Annual roof parties provide plenty of fun, food and frolic for employees of Rich's. The Christmas Bonus Party is a well-established event.*

2 *Last year 3293 employees were indoctrinated in Rich's training classes. Attendance at additional training classes totalled over 15,000. 78% of Rich's management personnel have been promoted to positions of greater responsibility since joining the organization.*

3 *Rich's Clinic administered 44,850 treatments for health and minor injury. This total is exclusive of aid given customers. Mutual Aid disbursed $88,522.16—money back into the pockets of employees who lost working hours due to sickness or accident.*

4 *Rich's sponsored two baseball teams, a basketball team, and a bowling league of eight teams. Golf enthusiasts went all-out for prizes at a tournament.*

5 *Employee Cafeterias were operated with a Net Loss of $27,827.00.*

Balance Sheet FOR FISCAL YEAR ENDING JANUARY 31, 1949

ASSETS

Cash	$ 592,752.00	
Accounts Receivable, Less Reserves	6,585,420.00	
Merchandise, Less Reserves	3,688,685.00	
Other Curent Assets	32,391.00	
Total Current Assets	$ 10,899,248.00	
Buildings and Fixtures, Less Reserves	8,990,665.00	
Other Assets	275,950.00	
TOTAL ASSETS		$ 20,165,863.00

LIABILITIES

Notes and Accounts Payable	$ 1,560,658.00	
Federal and State Income Tax (Accrued)	1,248,000.00	
Other Current Liabilities	506,428.00	
Total Current Liabilities	$ 3,315,086.00	
Long Term Indebtedness	3,550,000.00	
Reserve for Contingencies	320,262.00	
TOTAL LIABILITIES		$ 7,185,348.00

STOCKHOLDERS INTEREST

Preferred Stock (3¾%, $100 par, 34,300 shares)	$ 3,430,000.00	
Common Stock (No par value, 487,080 shares)	2,896,100.00	
Paid In and Earned Surplus	6,654,415.00	
TOTAL STOCKHOLDERS INTEREST		$ 12,980,515.00

Operating Statement for Fiscal Year Ending January 31, 1949

Sales, Net (8.5% increase)	$ 48,885,266.00	
Gross Profit, Including Discounts	17,652,206.00	
Operating Expenses	14,556,785.00	
Operating Profit	3,095,421.00	
Provision for Federal and State Income Tax	1,248,000.00	
TOTAL NET PROFIT		$ 1,847,421.00

These figures are from our own comptroller. Complete C.P.A. audited and comparative figures are underway and will be sent to all stockholders and interested financial institutions.

RICH'S MANAGEMENT

Rich's management with an eye to fluctuations in the field of merchandise and experienced in searching world markets and evaluating world conditions, will continue to use such skills in bringing to its customers all advantages of the changing market. Rich's is the purchasing agent for the public.

RICH'S POLICY

Constant policies of Rich's have created such maxims as:

THE CUSTOMER IS ALWAYS RIGHT.

QUALITY FOR QUALITY RICH'S WILL NOT BE UNDERSOLD.

Rich's is notable for its determination to have every purchase add to the happiness of its customer and to this end liberal credits and return privileges have always guided its many relationships.

Rich's Atlanta Born . . . Atlanta Owned . . . Atlanta Managed

Responsibilities of Your Management Officers

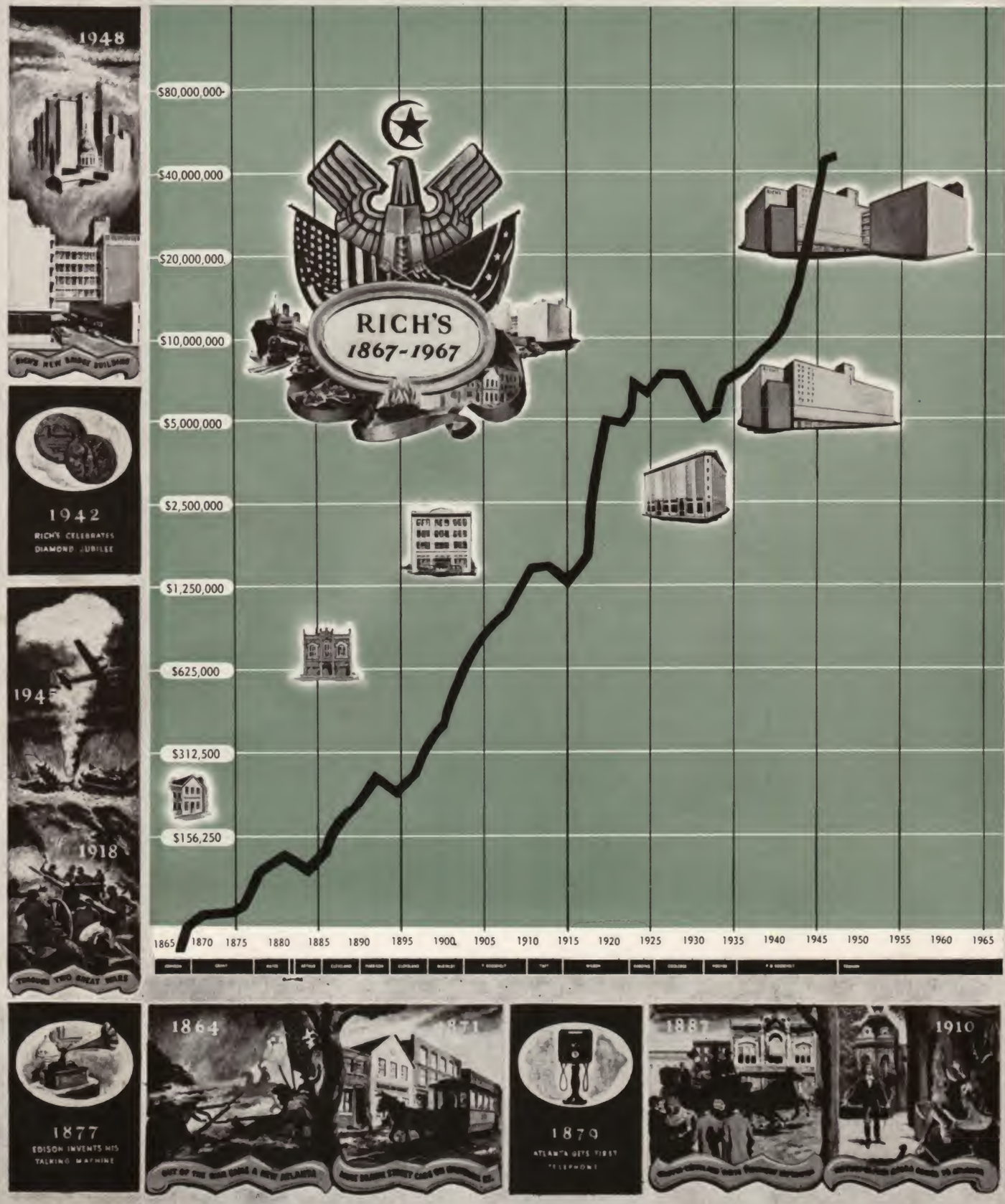
ACCORDING TO BY-LAWS VOTED BY RICH'S STOCKHOLDERS JUNE 10, 1948

"The officers of the corporation shall be chosen by the Directors and shall be a Chairman of the Board of Directors, a President, an Executive Vice President, and a Secretary and Treasurer. The Board of Directors may also choose such additional Vice Presidents, Assistant Secretaries and Assistant Treasurers as it may deem necessary for the efficient conduct of the business of the corporation, giving them such powers and duties as shall in the opinion of the Board be appropriate. One person may hold more than one office, except that no person while holding the office of President or Chairman of the Board shall serve as Secretary."

"The **Chairman of the Board** of Directors shall be the chief executive officer of the corporation; he shall preside at all meetings of the stockholders and Directors; he shall have general and active management of the business of the corporation, and shall see that all orders and resolutions of the Board of Directors are carried into effect."

"The **President** shall be in active charge of the affairs of the corporation subject to the supervision of the Chairman of the Board of Directors and under the lawful control of the Board of Directors and the Executive Committee. In the absence or disability of the Chairman of the Board of Directors, he shall perform all the duties and possess all the powers of the Chairman of the Board of Directors."

"The **Executive Vice President** shall be the ranking Vice President of the corporation and shall in the absence or disability of the Chairman of the Board of Directors and of the President, perform the duties and exercise the powers of the Chairman of the Board of Directors, and shall perform such other duties as the Board of Directors may prescribe."


1948
$80,000,000-
$40,000,000
$20,000,000
$10,000,000
$5,000,000
$2,500,000
$1,250,000
$625,000
$312,500
$156,250
RICH'S
1867-1967
1942
RICH'S CELEBRATES
DIAMOND JUBILEE
1945
1918
1865 1870 1875 1880 1885 1890 1895 1900 1905 1910 1915 1920 1925 1930 1935 1940 1945 1950 1955 1960 1965
1877
EDISON INVENTS HIS
TALKING MACHINE
1864
1879
1887
1910